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Chair

The Honourable Wayne Easter

Standing Committee on Finance

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● (1615)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll call the meeting to order. As shown on the agenda, we have a bit of committee business to do in public and then we will move in camera to give drafting instructions for the report on the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

Mr. Kmiec, I believe you have a motion.

Mr. Tom Kmiec (Calgary Shepard, CPC): Thank you, Mr. Chair, and thank you for making it possible for me to do this in public.

For the motion I'm moving, I want to make sure we know which one we're talking about, because I have a few before the committee. This is a motion to to create a subcommittee to study the B-20 mortgage changes. I think it is the most elegant solution to not directly taking up the committee's time in the fall. It would create a subcommittee whereby there would be an opportunity to study the B-20 mortgage changes.

You've voted down my motion before, so I'm hoping to get back to it to try to convince you that it is a good idea. I'm hoping to find an amicable solution of some sort so that we could entertain a few meetings in the fall—at this point, I'm saying in the fall—where a subcommittee could take a look at the B-20 mortgage rule changes.

I have a few points I want to go through in order to make the case for it. I'm going to be referring to April 2017 report of the committee, "Canada's Housing Markets: Benefits, Barriers and Bringing Balance", because I think it provides a good juxtaposition in terms of what the Government of Canada has done and where the committee recommended a bunch of things that were not followed at all by the government itself. That's where I want to begin the conversation.

In that mortgage report, we can look at the recommendations on page 49. There are three of them that the government literally ignored completely.

It was recommended that "The Government of Canada examine increased support for first-time homebuyers". Since that report came down, the B-20 changes, I would make the case, actually have hurt first-time homebuyers. I have now spoken to mortgage brokers both in Alberta and Ontario who have given me examples of first-time homebuyers who have been hurt by these rules. The stress test of 2% is too high.

As I said before the committee, I'm not opposed to a stress test, but I think we should look at whether we could recommend to the government a change to it, a varied rate, a modification based maybe on the number of years you're getting on a mortgage. Whatever it is, a solution here is why this is worthy of study. The committee recommended that the government "examine increased support for first-time homebuyers", and then this B-20 rule change was introduced by OSFI early in the year, which actually hurts first-time homebuyers.

Recommendation 4 is that "The Government of Canada ensure that further changes to Canada's mortgage regulations do not occur until sufficient time has passed to assess the effects of the of the 3 October 2016 changes to those regulations".

There have been four significant changes to the mortgage rules, including the B-20 changes, so my argument is that the committee instructed the government and gave its opinion to the government based on a few meetings where it had looked at the real estate market in Canada, and said, "Don't introduce further changes until you see a market equilibrium and see what the impact has been on different real estate markets." That hasn't happened. In fact, they continued.... I'll be referring to some of those other mortgage changes that were done as a lead-up to the B-20 mortgage changes by OSFI.

This entire report, in its original motion, said, "That the Study focus on the impact of the housing market on the Canadian Financial System and the challenges surrounding access to residential home ownership". Again, in juxtaposition to my motion, it's not the same thing. I am specifically asking that we look at the B-20 mortgage rule changes as they impact a series of individuals in Canada. Just to refresh your memory, it's for first-time homebuyers, young families, single-parent families, new Canadians, and segments of the population that are traditionally under-represented in real estate.

I think there is a case to be made that the previous study looked at real estate markets in general. It's a very generalist study, whereas this is specific to the B-20 mortgage changes, because I think they have been much more impactful for and much more damaging to homeowners. That's why I think it's worthy of study. If we don't want to take up the committee's time in the fall, I think it's worth creating a subcommittee of seven members that could have witnesses before it, produce a report, and, again, offer new advice for the government. That's what my latest motion calls for.

Recommendation 5 of the previous report is that "The Government of Canada endeavour to ensure that mortgage regulations treat all mortgage lenders fairly". I would make the argument that in fact they do not. These latest B-20 rule changes don't treat them fairly, because they treat credit unions differently. Credit unions do not have to apply the stress test. Some of them are doing so in a varied way. Some of them are applying 200 basis points, which is the straight-up 2% stress test. Others are varying the rate. Others are actually doing what I think would be a good solution, which is applying a kind of market rate in terms of their expectation of what it would go up by.

● (1620)

I think the previous report the committee did is laudable work, but the government didn't follow its recommendations, which is why I think we should look at it again, but specifically at the B-20 mortgage rule changes. Again, I think it's worth looking at.

To refresh the committee's memory on those changes, I mentioned that they happened after the report came down from the committee—as I said, there were four changes—OSFI announced the final B-20 guidelines, and the Ontario government also announced a fair housing plan, which again had an impact on mortgages. It announced those guideline changes, so that's back to OSFI, and then the B.C. government in Vancouver unveiled a 10-year housing strategy.

There were many changes being announced that have had an impact on mortgages, on the type of real estate that Canadians consider purchasing. Again, I have heard from lots of mortgage brokers and real estate agents, and I went door knocking last Friday and heard from my constituents. I live in a very suburban area of Calgary. I'd say 75% of my riding is new housing construction that's maybe 20-, 25-years old. That's the housing stock in my area. I know my house is maybe at this point seven-years old, but the community that it's in is probably 15 years old. It wasn't even there when I moved to Calgary. It was just a dream in someone's mind that there would be a place called Auburn Bay.

The vast majority of my constituents have mortgages, and a great many of them this year will be seeking to renew their mortgage—and that statistic is available. A great many people are seeking to do that this year. They're actually going for shorter mortgages because the interest rates are lower. If the goal was to ensure that people be more prudent in their lending, they're actually getting shorter mortgage contract lengths. What we would want to see, I think, would be longer ones, but again I can't tell you what the best solution is without doing a full study and having people come in to talk to us. I'm not calling for multi-month-long meetings. I think maybe four or six meetings would be good enough to hear from real estate associations, to hear from OSFI directly on these mortgage rule changes, and from OSFI.

There was a symposium here in Ottawa, I think it was two weeks ago, where there were representatives from OSFI who were invited. I think it was a mortgage financial association, a professionals' association that was there. OSFI's mandate is not to cool down overheated mortgage markets.

When they were asked why they had introduced B-20, why they introduced these rules in the way they did, the official said that it was to protect bank solvency, which is an interesting case that they're making when in a lot of other communications it's about cooling down an overheated mortgage market. What I would say is that if they're applying these rules all across the country the way the committee said basically not to do, then it's the wrong way to go. If the goal was to reduce prices and there was a concern about prudential lending in Toronto and Vancouver, then those should have been looked at separately as markets, because the impact on Calgary, Edmonton, Kelowna, and smaller communities has been deep. The prices are down, volumes are way up, and I think this is the wrong way to go.

Again, as I said before, I'm not calling for the elimination of the stress test. I'm calling for a study of the stress test, the B-20 rule, to collect information and see what its impact has been. The Bank of Canada governor said that he would need up to a year. I think you could reasonably do it in the fall. There's lots of private sector data that could be brought before the committee and supplemented. You could have a report done by December, put it out to the government in time before the next budget, and the government could use that to make decisions in the budget itself if it truly wanted to help first-time homebuyers, new Canadians, obtain their first entry into the realty market, and also for those who are moving up in the real estate market and those who are downsizing. There's a great number of people downsizing.

That's why I think it's worth our time. It's worthwhile to create a subcommittee of this committee, unless the committee believes, again, that we could take this up in the fall. I'd be happy to do that. I'd be happy to consider amendments as well, or maybe a countermotion. Again, I want to figure out a way that we can take a look at the mortgage market and look at these rules, because they're having a big impact on my constituents. I have constituents who have failed the stress test and who cannot go with a different lender. I have others who are looking at unregulated lenders at this point. Some of them will be paying penalties. There are a lot of people who don't understand rules very well and are concerned. They're stressing out over this, after going to their current lenders about what the rules will actually be when they apply to them individually.

Some of them have signed new mortgages and their rates are higher than before. At the end of the day or at the end of the month, they're actually paying more than they were paying before. I don't think that was the goal.

● (1625)

We know that up to 100,000 Canadians could be impacted: 50,000 who could not qualify to buy their first home, the first piece of property they're probably going to live in, and another 50,000 who will not be able to renegotiate their mortgage.

I don't want to take up too much of the committee's time. I thank the chair for allowing me this time to present this case in public, and I'm looking forward to debate.

The Chair: Okay, on the list so far I have Mr. Sorbara and Mr. Albas.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair, and Mr. Kmiec, my colleague who represents his riding very well.

To be as frank as possible, thank you for the intervention.

I have a couple of things to say on the housing market. Canada's housing market has been doing very well for many years. It was very healthy when the former finance minister, Minister Flaherty—may he rest in peace—first started bringing in changes to mortgage rules on the length of amortization. At one time you could do zero per cent for 40 years, and Minister Flaherty subsequently changed that rule and many others. He brought in about seven or eight changes during that time.

Subsequently when we formed government, we've also prudently brought in a number of measures to ensure that Canadians' household indebtedness is under control. Fast forward to last week, the Bank of Canada put out its financial system review and commented that the quality of the debt that Canadians are taking on is improving, i.e., they're not over-leveraging.

We did an in-depth housing study. The committee came out with a number of recommendations. We heard from the Mortgage Brokers Association, and one of their recommendations was that the stress test be applied to both high- and low-ratio mortgages. They met with many of us, the minister and departmental officials, and so forth. They supported that.

On refinancing of mortgages—I know, Tom, you talked about that—nothing within B-20 impacts someone renewing their mortgage. There is the caveat that they have to stay with their existing lender. When I went to renew my mortgage on my house about a month and a half ago, I did not have to undergo the stress test because I stayed with my existing mortgage lender.

As for the stress test of 200 basis points—or wherever the bar is set and how it's calculated—like you, Tom, people have asked me if the level is too high. Is the spread that's put on the number of basis points too much? I have looked at this, and it is still to be determined whether that is too much of a spread or if it's appropriate.

When OSFI made the B-20 rule—and there is also B-21—two rules were brought in to direct us, if I can use that word. They came into effect in January. They were telegraphed for quite a while, and a lot of the measures were supported by the various associations, including the stress test being applied to both new and existing high-ratio, as well low-ratio, loans for CMHC insurance and so forth.

First, sufficient data has not been collected yet to see what impact those changes per se have had on our housing market; second, we could consider OSFI an arm's length agency of the government in its own form. As for what you said about the government not following what was recommended in the finance committee report, I think there's room to differ in how you define government.

Since the minister brought in the changes to the housing market, there have been no further changes. I think it behooves the committee to follow the Canadian housing market closely. A home is any citizen's greatest investment, and we need to make sure that it does not lose any value, which happened in the United States.

In my professional opinion, as someone who follows the market very closely, the measures that have been put in place are prudent, but at the same time, we require a number of quarters to see the direction of the Canadian housing market.

● (1630)

Tom, I understand your concern about the spread. I understand that issue very well. If the spread is impacting first-time home buyers, we need to be cognizant of that. If that trend is there, we need to make sure we follow the data. They've talked about a supply issue. I think a former premier from B.C. just opined on that: Mike Harcourt implied that the supply issue is a concern. There's no housing crisis in Vancouver. There's a supply crisis in single-family housing. This is very complex.

At this time I cannot support a study by a subcommittee, especially going into pre-budget. I am open to revisiting the issue in 2019 when we see some more quarters of data. But at this time, I don't see how we can gain a clear picture of what is going on without receiving a lot more data and having direction. Interest rates have gone up because the economy is doing very well. Bond market rates, which determine the mortgage market rates, have gone up because the economy is operating at almost full capacity, and we're benefiting from that. Short-term variable rates have also gone up because the Bank of Canada has responded so appropriately.

That is my view. Thank you for bringing this forward.

The Chair: Okay.

I have on my list Mr. Albas, Mr. Fergus, and Mr. Dusseault.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you.

I think the suggestion for us to form a subcommittee is a good one. We know how challenging it can be for all members to keep up, and this will help us take a focused dive into it.

Contrary to Mr. Sorbara's earlier comments, this committee made a recommendation that the Government of Canada ensure that further changes to Canada's mortgage regulations not occur until sufficient time had passed to assess the affects of the October 3, 2016, changes to regulations.

We made that recommendation with the data we had at the time. We had no issue making that recommendation, and then OSFI still went ahead with some of the changes that my colleague Mr. Kmiec has raised. I think that at one point we felt we had enough data to know that these changes needed to be digested further before any further action by the government. I think it's fair that his constituents have voiced those concerns. I have the same concerns from constituents.

But also in moving into what's called the uninsured portfolio, there are people who have had contrasting experiences to what MP Sorbara said, simply because they have now found out they are locked into a position. Because of the view of some institutions of people attempting to renew their mortgages, those people have been forced to take prices because they no longer qualify to go to another lender under the new stress test.

I'm concerned about the impact this has on those consumers, but more broadly, we did hear...and I attended quite proudly the mortgage professionals national conference in Niagara in December of last year, where there was widespread concern that this would affect the competitiveness of the market, where certain monoline lenders would be shunted aside. Again, we heard here from OSFI that this wasn't their job, that they just make the rules and that how the market then plays out was not up to them. I think it would be important for us now to see what structural changes have happened. It used to be that Canadian government policy was that you'd want to see a stable market accessible to home buyers, but we also wanted to see a competitive one. I think two-thirds of that former policy triangle is now being greatly challenged.

While I can certainly understand that not all members may want to participate in this, I think a subcommittee would be appropriate. I would be happy to participate. This is an issue that's not just important to my riding, but I'm also quite concerned about the competitiveness of this industry and its impacts on consumers, whether they be in a large urban centre like Toronto or Vancouver, or in a small local area like Keremeos, Logan Lake, or Quesnel in British Columbia. I'm thinking of all those places that would be impacted by this.

Mr. Chair, I would encourage members. You can still support this and allow someone else who feels very strongly about this to be on that subcommittee and know that this subcommittee would do a good job because I think we all respect each other's talents here on this committee.

Thank you.

● (1635)

The Chair: Thank you, Mr. Albas.

Mr. Fergus.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Chair.

I would like to thank my honourable colleague for bringing forward this motion and subject of study.

One of the things I like about being a member of this committee is that I learn a lot. I have served on this committee for nearly two years, which has enabled me to deepen my understanding of finance matters. That is what happened during our recent trip abroad regarding money laundering. I am pleased that we can have a good discussion about this today.

Returning to the motion that was tabled, I raise my hat to my colleagues representing Calgary Shepard and Vaughan—Woodbridge, who are more knowledgeable about these issues than I am.

I would like to take advantage of the flexibility my colleague from Calgary Shepard showed during his speech introducing his motion.

This committee will have two big files to deal with over the next six months. First, we have to complete our study on money laundering and terrorist financing. Based on what we learned last week, there is still a lot of work ahead of us. We might go past the deadline we had set. We will discuss that in camera in a few minutes.

Then there are the pre-budget consultations, which is huge. All the members of this committee are experienced and know that the pre-budget consultations will take several weeks. In the fall, we will spend tens if not hundreds of hours listening to testimony, and then we will have to present our report before the end of the year.

Here is my concern about this motion. Will we really have enough time to do a good job? Although the MP was generous in saying that there would be a limit of four meetings and that a subcommittee would consider the matter, I wonder whether it is realistic to think that we can complete that study before the end of the year.

If my colleague were more flexible on the start and end dates for the study that he proposed, I would be very open to his suggestion. I hope he can be flexible.

Thank you, Mr. Chair.

● (1640)

[*English*]

The Chair: Mr. Dusseault and then Mr. Kmiec.

[*Translation*]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

I will be very brief because I know there are other items on the agenda.

I would simply like to express my support for my colleague's motion. This study would allow us to explore certain aspects of home ownership, which is an important issue for me and the NDP. We must make it easier to own a home, but we must also preserve our country's financial stability and guard against the potential pitfalls of too much mortgage flexibility. This would be a good opportunity to review the whole topic and find solutions to make it easier to own a home, which is a problem in many communities.

I want to thank my colleague for his motion. I would be pleased to support it as it will allow us to delve into the matter further.

[*English*]

The Chair: Mr. Kmiec.

Mr. Tom Kmiec: I'm going to go through some of the points Mr. Sorbara made. First of all, on the previous study, you mentioned you had heard from the Canadian Mortgage Brokers Association that the stress test should apply to both low- and high-ratio mortgages—I'm calling them that, even though those are not the right terms—but I don't believe they said to apply a 200 basis point stress test. That's where a lot of the concern is. There are other changes that come with these B-20 regulations, but it is specifically the stress test that is causing 95% of the concern I hear from my constituents.

As I said, I'm not opposed to a stress test, just like the mortgage brokers weren't, but I think it's a question of how much and whether you apply it to everybody across the board, whether you're in a variable, a fixed, a two-year, a five-year, or a seven-year mortgage. There should be some flexibility there, but I don't know where the right point is. That's where the evidence has to come in.

As you said, a person who stays with their lender is not affected by the stress test, but then that prevents them from being able to go out and shop around for the best rate they can possibly get. That's where a lot of angst is coming through, because on renewal—and I'm probably not using the right technical term there—that's where a lot of people are getting pinched. That's what concerns people. I've had a few people tell me their rates went up because they weren't able to go and shop around to get the best one.

As far as the argument goes that not enough time has passed to collect enough evidence or data, obviously, starting the study now in June, this would take it into the fall. I'm more than happy to amend the motion in some reasonable way so that this could start, say, November 1, and then we could use some time in November to do the study, so that it doesn't conflict with other work that's being done. Because this is a subcommittee that would be created, there's no guarantee that all of us here would be doubling up on both. There are other members of the House of Commons who specialize in this area because they were either mortgage brokers or real estate agents in their previous life, so we don't have to double up on the committee.

If there's another way we can find a way to do a mortgage study at the main committee, I'd be more than happy to entertain such a motion. If you remember, I moved a motion a few weeks ago that you voted down. This is why I'm bringing this back and proposing this other elegant way of finding a solution.

[*Translation*]

Mr. Fergus, you said there could be a lot of work on the two other matters. I agree with you. There are roundtables and the pre-budget meetings of this committee. There is also the study we have begun and nearly finished. That is another important file we will have to finish. That is why I am suggesting that a subcommittee of the Standing Committee on Finance be created to enable us, the current members of this committee, to focus on the two other matters. A subcommittee would look at mortgages and the stress test.

The study is very important as regards guideline B-20 and I think a detailed study is in order. We could have two to four meetings; that is negotiable. We would have to give the various associations and people who work in the sector enough time to prepare. The study could begin in November. I say November, but that is just one possibility. I think that would give people in the construction sector the time to start collecting the data to present to the committee. We will have to determine whether guideline B-20, the residential mortgage underwriting practices and procedures, have achieved the stated objectives or whether they have hurt certain parts of the market, especially the residential market.

● (1645)

[*English*]

I'll go back to one other thing Mr. Sorbara said, and I'll stop there. It's on housing starts. He mentioned a supply problem. I agree and that's something I've heard consistently from real estate agents and from brokers.

There is a study showing that the Canadian housing starts trend declined in May. It's in the June 8, 2018 "Housing Observer", produced by CMHC, which notes that "the national trend in housing starts declined following several months of stability". It's going down.

The study report goes on to say that this "reflects a decline in multi-unit urban starts in May that leaves them close to their 10-year average following several months of historically elevated levels", so they're going down too. The supply side has even been affected, in that builders are not deciding to start building now so they can have it on to the market probably almost a year down the line. Even they are adjusting.

It goes into monthly highlights for the different markets out there. It has Vancouver, Victoria, Saskatoon, Toronto, Brantford, Kingston, Sherbrooke, and New Brunswick. It mentions that housing starts in New Brunswick dropped 10% in May 2018 compared to the same month last year, continuing a trend of lower housing starts so far in 2018. That's something that repeats itself.

There's a supply side problem, I don't deny it at all, but that could also be considered as part of a study of these B-20 guidelines and their impact on the market. Prices are down, and volumes are down, but not equally across all markets.

I would say that the market I'm in and the people whom I represent in my riding are much more heavily impacted compared to their previous situation, when there really wasn't a serious issue, I think, with prudential lending. In fact, people are getting into shorter term mortgages now, which I think creates more risk, not less risk, for the banks, and people are taking on higher rates at times, not very many of them, but some. They're paying more at the end of the month than they were before. I think that's a serious problem, too.

Like I said, I'm willing to consider some type of amicable solution to having a motion approved before the spring session ends for a mortgage study that would begin later in the fall session. The committee has the power to defer a mortgage study to begin at some future point. If I can amend my motion or propose a new motion that would kick off a mortgage study, I'm more than happy to entertain that.

The Chair: Okay, are we ready for the question?

Mr. Greg Fergus: I have a question for information, Mr. Chair.

I don't know how this would work, but the honourable member has been open to some ideas. Is this something that could be negotiated inside committee?

The Chair: Well, if it's voted on and it passes, that's one thing. If it's defeated, then it's a *fait accompli*. If the member wanted to withdraw the motion and talk to members another time, that's possible, but those are the options.

It would require unanimous consent to withdraw the motion.

Francesco.

Mr. Francesco Sorbara: MP Kmiec, you have two issues that are really at the core of your motion. First, the spread on the stress test, and second, that when someone is going to renew their mortgage, they have to stay with their existing lender, which you are stating is limiting choice for consumers. That's what you're saying.

The stress test, whether it's applied on a six-month variable rate for a year or a five-year fixed rate independent of the amortization is a stress test to ensure that people are not taking on debt they can't service if rates rise. You've identified two issues that I don't believe need a motion or a study to look at.

I'm more than happy to sit down with you, Dan, and Pierre to talk about those issues, to raise those issues. That's not an issue at all. We've done that effectively in other caucuses that Dan and I were a part of, but to use the time of the committee in the fall, when the pre-budget consultation are going on—and we know how extensive and intensive they are.... I just think it's something you could address through a different process, and I'd be more than happy to work with you and move that forward.

● (1650)

The Chair: Okay, are we ready for the question?

You have the last comment, Mr. Kmiec.

Mr. Tom Kmiec: Would it be better for you if I amended my own motion to say that it would begin after the pre-budget consultations have been done?

Mr. Francesco Sorbara: I would say no, because the pre-budget consultations usually end right before we rise for the Christmas break, if I'm not mistaken.

Mr. Tom Kmiec: The other thing I'll mention is that I've proposed a subcommittee for this, which doesn't have to include the members of the main committee. Therefore, it's a way around that problem of having us do double work. You could have different members of your caucus and different members of the New Democratic caucus and Conservatives participating in this. Again, I'm trying to be reasonable.

I thought I heard from Mr. Fergus some interest in maybe negotiating some type of mortgage motion, some type of solution to this, which I am willing to do. I'm more than happy to do it.

I don't want to withdraw my motion, because I don't like doing that, but procedurally, I think members are allowed to adjourn debate on a motion, if I'm correct. I just want to make sure I have a commitment from the government caucus side that we can maybe talk about this offline at some point and reach some type of amicable solution to having a mortgage study in the fall at some point into the future.

The Chair: Can you explain that? If he moved a motion to adjourn, then there'd be—

The Clerk of the Committee (Mr. David Gagnon): It's not debatable. It's not amendable.

The Chair: It's not debatable, not amendable, and it would be voted on. To withdraw the motion and have another look at it requires unanimous consent.

Dan?

Mr. Dan Albas: I just want to confirm that if we just adjourn debate on this motion, he could bring it up at another point and we could then have a full discussion. Perhaps there could be some meeting of the minds in the meantime. There would be a vote on voting to adjourn, but the motion would still not be disposed of. It would still be...?

The Chair: Yes.

Mr. Dan Albas: Okay, I'm just making sure that we're all clear on that.

The Chair: Okay. What did you say, Greg?

Mr. Greg Fergus: I just missed out on what was discussed.

The Chair: All right, where are we?

Mr. Tom Kmiec: We were talking about a commitment to figure out an amicable solution.

[*Translation*]

Mr. Fergus, that is what I thought I heard.

Are you ready, on the government side, to consider the possibility of doing a study on mortgages between June and September, which means over the summer?

[*English*]

Mr. Francesco Sorbara: No.

The Chair: Okay.

Mr. Francesco Sorbara: The answer to that is no.

The Chair: Okay, we'll proceed to a vote.

Mr. Tom Kmiec: Will this be a recorded vote?

The Chair: Yes, it will be a recorded vote.

(Motion negatived: nays 5; yeas 3 [See *Minutes of Proceedings*])

The Chair: We'll suspend for a couple of minutes and go in camera.

[*Proceedings continue in camera*]

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